

FILED

STATE OF NORTH CAROLINA
2018-04-04 AM 9:42
COUNTY OF WAKE WAKE COUNTY, C.S.C.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
17-CVS-0537

RY

STATE OF NORTH CAROLINA, *ex rel.*
JOSH STEIN, Attorney General,

Plaintiffs,

v.

ACCELERATED RECEIVABLES
MANAGEMENT, INC., A.K.A.
CUTTING EDGE COLLECTIONS,

Defendant.

**FINAL JUDGMENT
BY CONSENT**

THIS CAUSE came on to be heard and was heard before the undersigned Superior Court Judge on the motion for entry of a Final Judgment by Consent ("Final Judgment"), and the Court making the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Plaintiff is the State of North Carolina, *ex rel.* Josh Stein, Attorney General (the "State").
2. Defendant is Accelerated Receivables Management, Inc. ("ARM" or "Defendant").
3. The State initially filed a complaint against Defendant and Defendant's president Francine Clair Landau ("Landau") in Wake County Superior Court on January 11, 2017, requesting a permanent injunction and other relief, alleging Defendant has violated North Carolina Collection Agency Law, N.C. Gen. Stat. § 58-70-1, *et seq.*, the North Carolina Unfair and Deceptive Acts and Practices Act ("UDAP"), N.C. Gen. Stat. § 75-1.1, and the North Carolina Business Corporation Act ("BCA"), N.C. Gen. Stat. § 55-15-01 *et seq.*, and North Carolina Collection Agency Law, N.C. Gen. Stat. § 58-70-1, *et seq.*, by engaging in the business of a collection agency in North Carolina without possessing a collection agency permit from the

EXHIBIT

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North Carolina Department of Insurance or a certificate of authority from the North Carolina Secretary of State, and otherwise engaging in unfair and deceptive collection practices in attempting to collect on purported consumer debts. Defendant disputes these allegations and contends that, since the State has filed its Complaint, Defendant has obtained a valid certificate of authority from the North Carolina Secretary of State to transact business in North Carolina. The State alleges the following:

- a. Beginning in at least February 2016, ARM—possessing neither a certificate of authority to conduct business in North Carolina nor a North Carolina collection agency permit—communicated with a number of North Carolina consumers by mail and telephone, demanding payment for alleged past due debt for medical tests. According to Defendant's responses to the State's discovery requests, Defendant has collected a gross total of \$562,820.33 on 5,567 North Carolina consumer accounts.
- b. The North Carolina Department of Justice ("NCDOJ") Consumer Protection Division has received twelve complaints from North Carolina consumers detailing their difficulties in dealing with ARM and its then-President Landau, as embodied in the consumer complaints and affidavits attached to the State's Complaint. Numerous inquiry letters sent by the Consumer Protection Division to ARM and Landau during 2016 went unanswered and Defendant's unlicensed collection activities continued throughout 2016 and into 2017.

4. The NCDOJ Consumer Protection Division issued a Civil Investigative Demand ("CID") to ARM on July 14, 2016, pursuant to N.C. Gen. Stat. § 75-9 and § 75-10. The company provided responses to the Consumer Protection Division on September 30, 2016, with an additional production on October 4, 2016.

5. On January 11, 2017, the State filed its Complaint against Defendant and Landau in Wake County Superior Court, requesting restoration of monies paid, civil penalties, and injunctive relief.
6. On January 12, 2017, the Court approved a Consent Preliminary Injunction that prohibits Defendant from engaging in collection activities in North Carolina or otherwise attempting to collect on debts from North Carolina consumers during the pendency of this litigation.
7. On February 7, 2017, the State issued its First Set of Interrogatories and First Request for Production of Documents to Defendant.
8. On February 24, 2017, Defendant served the State with an Answer to the State's Complaint.
9. On March 31, 2017, Defendant provided responses to the discovery requests via email, with additional productions arriving via UPS shipments on April 4, 2017 and April 6, 2017.
10. On May 16, 2017, the State sent Defendant a letter regarding deficiencies in Defendant's discovery responses.
11. On June 26, 2017, Defendant transmitted to the State additional responses to the State's discovery requests.
12. The parties have consented to the entry of this Consent Judgment.

CONCLUSIONS OF LAW

1. The Court has jurisdiction over the parties and the subject matter of this action.
2. Good cause exists for the Court to enter judgment as to Defendant, as set forth herein.
3. Defendant has waived any right to appeal, petition for certiorari, or move to reargue or rehear this judgment and order. Entry of this Final Judgment is in the public interest.

4. The parties have agreed to resolve their differences and the agreement of the parties is just and reasonable with respect to all parties. The Court approves the terms of the parties' agreement and adopts them as its own determination of the parties' respective rights and obligations.

THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. Defendant, its agents, servants, employees, officers, members, directors, affiliates, subsidiaries, representatives, attorneys, successors, heirs, and assignees, and any other person acting under its direction and control are permanently enjoined from engaging in collection activities in the State of North Carolina or otherwise attempting to collect on debts from North Carolina consumers, unless and until Defendant obtains a valid collection agency permit issued by the North Carolina Commissioner of Insurance. Defendant is further permanently enjoined from engaging in any activity in violation of North Carolina law, including but not limited to the North Carolina Unfair and Deceptive Practices Act ("UDAP"), N.C. Gen. Stat. § 75-1.1, *et seq.* and North Carolina Collection Agency Law, N.C. Gen. Stat. § 58-70-1, *et seq.*
2. Upon entry of this Final Judgment, Defendant will permanently cease and desist collection activities on any existing account associated with a North Carolina consumer, regardless of whether Defendant obtains a collection agency permit from the North Carolina Commissioner of Insurance. Within 60 days of the Effective Date, Defendant shall notify any North Carolina consumer on whose account they currently collect by United States mail and electronic mail that Defendant will cease collections on the account.
3. If credit reporting information has been furnished to a credit reporting agency regarding a North Carolina Consumer, within 60 days of the Effective Date, Defendant will contact Equifax, Experian, and TransUnion to request that any credit reporting by Defendant for all North Carolina Consumers be removed.

4. Within 30 days of the Effective Date, Defendant shall pay a total of \$5,000 to the State for reimbursement of the State's attorneys' fees and costs, for consumer protection purposes, and for other purposes as allowed by law. Defendant will make such payment according to written payment processing instructions provided by the State.
5. Defendant shall pay a total of \$100,000 to the State as a civil penalty, pursuant to N.C. Gen. Stat. § 58-70-130 and § 75-15.2. This payment shall be suspended during Defendant's full compliance with this Final Judgment. If at any time Defendant violates this Final Judgment, this payment shall become immediately due and payable.
6. Nothing herein relieves Defendant of their duty to comply with applicable laws of the State of North Carolina nor constitutes authorization by the State for Defendant to engage in acts and practices prohibited by such laws. This Final Judgment shall be governed by the laws of the State of North Carolina.
7. This Final Judgment represents the entire agreement between the parties hereto.
8. On the date this Final Judgment is entered by the Court, it shall be entered as and become a final judgment of the Court and such date shall be the "Effective Date" of this Final Judgment for all purposes.
9. This Final Judgment shall not limit the rights of any private party to pursue any remedy allowed by law.

SO ORDERED, ADJUDGED, and DECREED this [1st] day of [June], 2018.

By the Court:



Superior Court Judge

CONSENTED TO:

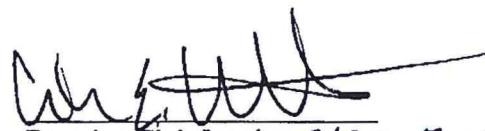
BY:

STATE OF NORTH CAROLINA,
Ex rel. JOSH STEIN,
Attorney General



B. Carrington Skinner IV
Assistant Attorney General

DEFENDANT ACCELERATED
RECEIVABLES
MANAGEMENT, INC.



~~Franeline Clair Landau~~ *Glen E. Whitenton*
President, ARM, Inc.
*On Behalf of Accelerated
Receivables Management, Inc.*

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made and entered into by the State of North Carolina, *ex rel.* Josh Stein, Attorney General (the "State") and Francine Clair Landau ("Landau") solely to resolve the State's claims against Landau in the action of *State of North Carolina, ex rel. Josh Stein, Attorney General v. Accelerated Receivables Management, Inc., a.k.a., Cutting Edge Collections, and Francine Clair Landau* (Wake Co. Superior Court, No. 17-CVS-0537). The State and Landau (collectively, "parties") have agreed to the following terms as a basis to resolve the issues between them based on the allegations in the State's Complaint.

STATEMENT OF PURPOSE

WHEREAS, the State initially filed a Complaint against Landau and Accelerated Receivables Management, Inc. ("ARM") in Wake County Superior Court on January 11, 2017, requesting a permanent injunction and other relief, alleging Landau and ARM violated North Carolina Collection Agency Law, N.C. Gen. Stat. § 58-70-1, *et seq.*, the North Carolina Unfair and Deceptive Acts and Practices Act ("UDAP"), N.C. Gen. Stat. § 75-1.1, and the North Carolina Business Corporation Act ("BCA"), N.C. Gen. Stat. § 55-15-01 *et seq.*, and North Carolina Collection Agency Law, N.C. Gen. Stat. § 58-70-1, *et seq.*, by engaging in the business of a collection agency in North Carolina without possessing a collection agency permit from the North Carolina Department of Insurance or a certificate of authority from the North Carolina Secretary of State, and otherwise engaging in unfair and deceptive collection practices in attempting to collect on purported consumer debts. ARM and Landau have disputed these allegations and contend that, since the State has filed its Complaint, ARM has obtained a valid certificate of authority from the North Carolina Secretary of State to transact business in North Carolina.

WHEREAS, the State has alleged the following:

- a. Beginning in at least February 2016, ARM—possessing neither a certificate of authority to conduct business in North Carolina nor a North Carolina collection agency permit—communicated with a number of North Carolina consumers by mail and telephone, demanding payment for alleged past due debt for medical tests. According to responses to the State's discovery requests, ARM has collected a gross total of \$562,820.33 on 5,567 North Carolina consumer accounts.
- b. The North Carolina Department of Justice ("NCDOJ") Consumer Protection Division has received twelve complaints from North Carolina consumers detailing their difficulties in dealing with ARM and Landau, as embodied in the consumer complaints and affidavits attached to the State's Complaint. Numerous inquiry letters sent by the Consumer Protection Division to ARM and Landau during 2016 went unanswered and Defendants' unlicensed collection activities continued throughout 2016 and into 2017.
- c. At all relevant times, Landau was president, owner, and general counsel of ARM, and managed ARM's operations under her control and supervision.

WHEREAS, the NCDOJ Consumer Protection Division issued a Civil Investigative Demand ("CID") to ARM on July 14, 2016, pursuant to N.C. Gen. Stat. § 75-9 and § 75-10. The company provided responses to the Consumer Protection Division on September 30, 2016, with an additional production on October 4, 2016.

WHEREAS, on January 11, 2017, the State filed its Complaint against Landau and ARM in Wake County Superior Court, requesting restoration of monies paid, civil penalties, and injunctive relief.

WHEREAS, on January 12, 2017, the Court approved a Consent Preliminary Injunction that prohibits ARM and Landau from engaging in collection activities in North Carolina or

otherwise attempting to collect on debts from North Carolina consumers during the pendency of this litigation.

WHEREAS, the State issued discovery requests to Landau and ARM, and received answers and responsive documents.

WHEREAS, in order to resolve the State's claims against Landau, the parties have agreed to resolve their differences in accordance with the terms set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereby agree as follows:

1. Landau and any entity she operates or controls, as well as their agents, servants, employees, officers, members, directors, affiliates, subsidiaries, representatives, attorneys, successors, heirs, and assignees, and any other person acting under their direction and control, are permanently enjoined from engaging in collection activities in the State of North Carolina or otherwise attempting to collect on debts from North Carolina consumers, unless and until they obtain a valid collection agency permit issued by the North Carolina Commissioner of Insurance. Landau and any entity she operates or controls is further permanently enjoined from engaging in any activity in violation of North Carolina law, including but not limited to the North Carolina Unfair and Deceptive Practices Act ("UDAP"), N.C. Gen. Stat. § 75-1.1, *et seq.* and North Carolina Collection Agency Law, N.C. Gen. Stat. § 58-70-1, *et seq.* This permanent injunction shall be applicable to any other business, company, or device created by or operated under the control of Landau that comes into existence following the Effective Date of this Agreement.

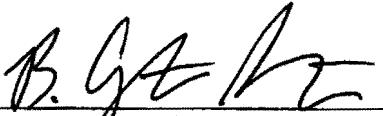
2. Following the Effective Date of this Agreement, Landau and any entity she operates or controls will permanently cease and desist collection activities on any existing account associated with a North Carolina consumer, regardless of whether such entity obtains a collection agency permit from the North Carolina Commissioner of Insurance. Within 60 days of the Effective Date, Landau and any entity she operates or controls shall notify any North Carolina consumer on whose account they currently collect by United States mail and electronic mail that Landau and any entity she operates or controls will cease collections on the account.
3. If credit reporting information has been furnished to a credit reporting agency regarding a North Carolina consumer, within 60 days of the Effective Date, Landau and any entity she operates and controls will contact Equifax, Experian, and TransUnion to request that any credit reporting for all North Carolina Consumers be removed.
4. Landau shall pay a total of \$100,000 to the State as a civil penalty, pursuant to N.C. Gen. Stat. § 58-70-130 and § 75-15.2. This payment shall be suspended during Landau's full compliance with this Agreement. If at any time Landau or any entity she operates or controls violates the terms of this Agreement, this payment shall become immediately due and payable.
5. By entering into this Agreement, the State voluntarily dismisses its Complaint against Landau as filed in Wake County Superior Court on January 11, 2017.
6. Nothing herein relieves Landau and any entity she operates or controls of their duty to comply with applicable laws of the State of North Carolina nor constitutes authorization by the State for Landau and any entity she operates or controls to engage in acts and practices prohibited by such laws.
7. This Agreement shall be governed by the laws of the State of North Carolina. This Agreement represents the entire agreement between the parties hereto.

8. On the date this Agreement is signed by all parties, it shall be considered final, and such date shall be the "Effective Date" of this Agreement for all purposes.
9. This Agreement shall not limit the rights of any private party to pursue any remedy allowed by law.

CONSENTED TO:

BY:

**STATE OF NORTH CAROLINA,
Ex rel. JOSH STEIN,
Attorney General**



B. Carrington Skinner IV
Assistant Attorney General

Date: 5/31/18

FRANCINE CLAIR LANDAU



Francine Clair Landau

Date: _____